Report on Banks

May 2022

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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About the use of inclusive language in the Spanish version of this report

The Central Bank of Argentina is committed to encouraging the use of a non-discriminatory language that promotes the acceptance of all gender identities. It should be noted that all those who have contributed to this report acknowledge that language influences on ideas, feelings, ways of thinking, as well as principles and core values.

Published on July 27, 2022.
The data reported are provisional and subject to changes. Information corresponds to end-of-month data.
Data of charts and Latest Regulations of this issue. Statistics Annexes for the financial system and the ensemble of financial institutions. Glossary of abbreviations and acronyms.

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Executive Summary

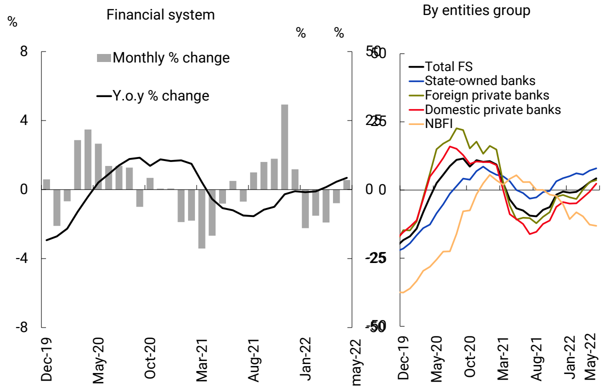
- Financial intermediation increased slightly in May, within a context of relatively high liquidity and solvency margins in the financial system from both a historical and an international perspective.
- Electronic means of payment have shown a remarkable momentum so far in 2022. In June, instant transfers went up 79.8% year-on-year (y.o.y.) in number and 29.9% y.o.y. in amount in real terms. This evolution was driven by transactions between accounts opened at financial institutions via Uniform Banking Codes (CBUs) and by transactions involving accounts with Payment Service Providers (PSPs) from/to Uniform Virtual Codes (CVUs). Payments by transfer (PCTs) initiated via interoperable QR codes continued to be on the rise, and have accumulated nearly 15 million transactions (ARS32.3 billion at June 2022 values) since the full operation of this scheme (late November 2021). In turn, the clearing of electronic checks (ECHEQs) continued to post a significant momentum (70% y.o.y. in number and 46.1% y.o.y. in amount in real terms) and accounted for over half the number of cleared checks.
- In May, the stock of loans in pesos to the private sector went up 0.6% in real terms (+5.7% in nominal terms), after four months of drops. In year-on-year terms, the stock of financing in domestic currency has accumulated an increase of 4.3% in real terms (+67.4% y.o.y. in nominal terms), mainly driven by state-owned financial institutions (+7.9% y.o.y. in real terms) and largely arranged via commercial loans and pledge-backed loans. The growth in commercial loans was driven by the "Credit Line for Productive Investment (LFIP)" of Micro, Small and Medium-Sized Enterprises (MSMEs), which has accounted for around 12.5% of the total stock of loans to the private sector (representing around 23.9% of financing exclusively intended for companies) as of May, benefitting over 284,500 enterprises.
- In May, the non-performing ratio of loans to the private sector shrank 0.2 p.p., to 3.4% (-0.9 p.p. y.o.y.). This monthly reduction was widespread across all groups of institutions and included both financing to companies and to households. Over the period, total provisions of the aggregate financial system accounted for 4.1% of total loans to the private sector, standing above the stock of the non-performing portfolio.
- The stock of total deposits in pesos went up 0.6% in real terms in May, mainly due to the performance of the public sector. In real terms, the total stock of private sector deposits in pesos dropped slightly, largely due to sight accounts since time deposits were on the rise. Time deposits denominated in UVA, offering positive returns in real terms, have continued to go up at a fast pace (11.5% month-on-month (m.o.m.) in real terms) and have been mainly arranged by natural persons. In order to provide positive returns in real terms on investments in pesos, strengthen the market of public debt in pesos and promote the use of Treasury instruments as monetary policy tools, the BCRA decided in July to use an interest rate corridor for the design of its monetary and financial policy. In addition and against the backdrop of volatility observed as from June, the BCRA will offer a "put option" to financial institutions on the National Sovereign Bonds issued as from July 2022 and maturing before December 31, 2023.
- Starting from relatively high levels, the broad liquidity of the ensemble of financial institutions contracted slightly in May. The financial system's broad liquidity ratio went down 0.4 p.p. of deposits against April, to 67.6%. Against the same period of 2021, liquid assets in a broad sense increased slightly as a percentage of deposits (+0.8 p.p. y.o.y.).
- Solvency indicators have not posted significant changes over the month and have continued to stand above the average of the last 10 years. The Regulatory Capital (RC) accounted for 27.9% of risk-weighted assets (RWAs) for the ensemble of financial institutions (+2.1 p.p. y.o.y.), while the capital position (RC minus the regulatory requirement) accounted for 248% of the minimum requirement over the period (+38.2 p.p. y.o.y.).
- The sector's profitability exhibited positive levels when considering the income accrued in the first five months of 2022, equivalent to 1.2% annualized (a.) of assets (ROA) and to 7.2%a. of equity (ROE). Considering the aggregate of the last 12 months up to May, the financial system recorded a ROA of 1.3% and a ROE of 7.9%, down 0.3 p.p. and 2.7 p.p. in a year-on-year comparison.

I. Financial Intermediation Activity

The financial intermediation activity increased slightly in May. Taking into account the main differences in the balance sheet of the aggregate financial system for the items in domestic currency —in real terms—,[1] there was an increase in the stock of public sector deposits, added to a rise of liquidity in a broad sense and of the stock of financing. In the segment of items in foreign currency, there was an increase of private sector deposits and a decrease of public sector deposits over the period.[2]

In May, the stock of loans in pesos to the private sector grew 0.6% in real terms against April (see Chart 1; +5.7% in nominal terms), after four months of drops. This performance was widespread across most groups of financial institutions.[3] In turn, credit lines posted a dissimilar evolution over the month: increases in overdrafts, pledge-backed loans and cards, and decreases in the remaining credit assistance lines. In year-on-year terms, the stock of loans in domestic currency went up 4.3% in real terms (+67.4% y.o.y. in nominal terms). The year-on-year evolution was mainly driven by commercial lines (overdrafts and promissory notes) and by pledge-backed loans, within a context where financing from state-owned financial institutions recorded the highest relative growth over the period (+7.9% y.o.y. in real terms).

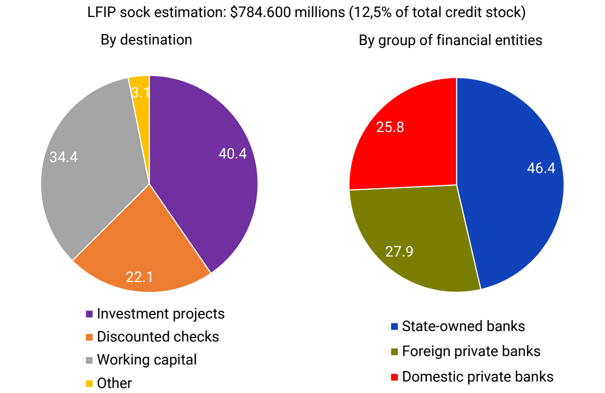
Chart 1 | Stock of loans to the private sector in pesos
In real terms* - Financial System



*Not seasonally adjusted. Total includes adjustments of principal and interest accrued. Source BCRA.

Over the last year, the positive evolution of commercial loans[4] was largely driven by the "Credit Line for Productive Investment of MSMEs (LFIP)", one of the main credit stimulus programs implemented by the BCRA. Disbursements under this credit line have totaled nearly ARS2.5 trillion in nominal terms from its launch in October 2020 to June 2022, benefitting over 284,500 companies. Consequently, it is estimated that the stock of loans under the LFIP reached around ARS784.6 billion as of May, accounting for 12.5% of the

Chart 2 | Credit Line for Productive Investment (LFIP) of MSMEs – Estimated stock as of May 2022–Share % in the total



Source: BCRA

1 Differences of the balance sheet stock expressed in homogeneous currency. Information taken from the Monthly Accounting Reporting System (May 2022, latest information available at the time of publication of this Report).
2 Expressed in currency of origin.
3 Including capital adjustments and accrued interest.
4 In May, overdrafts, promissory notes and leasing grew 33.6% y.o.y. in real terms, 20.1% y.o.y. in real terms and 19.1% y.o.y. in real terms, respectively.

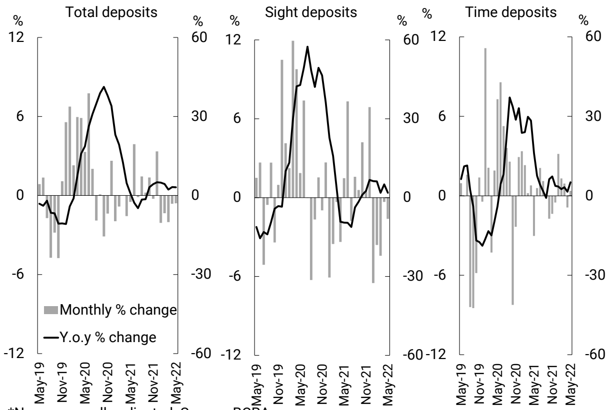
total stock of lending to the private sector in the financial system. In terms of the use of the funds granted, it is observed that around 40.4% of the stock was devoted to investment projects, 34.4% to working capital and 22.1% to discounted checks and/or invoices (see Chart 2). State-owned financial institutions explained nearly half the estimated stock of lending under the LFIP (46.4%), followed by foreign and domestic private institutions.[5]

Considering the items in foreign currency, the stock of loans to the private sector increased 2% —in currency of origin— in May against April. Therefore, the total stock of financing (in domestic and foreign currency) to the private sector accumulated a rise of 0.6% in real terms over the month (+5.7% in nominal terms).

The monthly growth of the stock of lending in real terms was mainly driven by loans to households, which posted an increase of 1.6% against April. This evolution is in line with the rise in the perceived demand for credit via cards and other loans for consumption for the aggregate of banks surveyed in the latest Survey on Credit Conditions —ECC—, corresponding to the second quarter of 2022.[6] On the supply side, at aggregate level, the answers provided in the ECC have pointed to a slight bias towards an easing of credit standards (a sign of an increase in supply) in most credit lines intended for households during the same period.

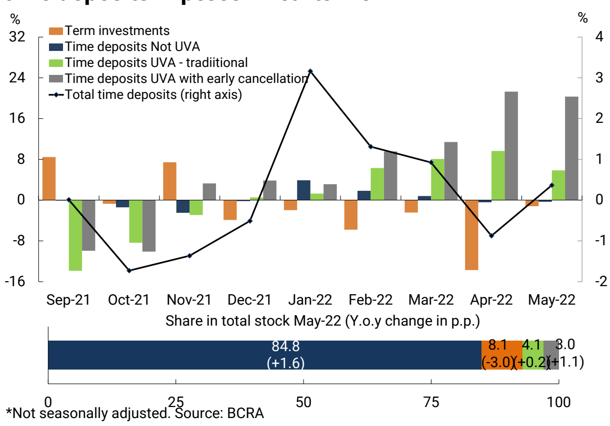
Regarding the financial system's funding, the stock of private sector deposits in pesos contracted 0.6% in real terms in May (+4.5% in nominal terms) (see Chart 3).[7] Sight accounts dropped 1.6% in

Chart 3 | Stock of private sector deposits in pesos
In real terms* - Financial System



*Non-seasonally adjusted. Source: BCRA

Chart 4 | Monthly change in the stock of private sector time deposits in pesos in real terms*



*Not seasonally adjusted. Source: BCRA

real terms over the period (+3.4% in nominal terms), while the stock of time deposits went up 0.4% in real terms (+5.5% in nominal terms).

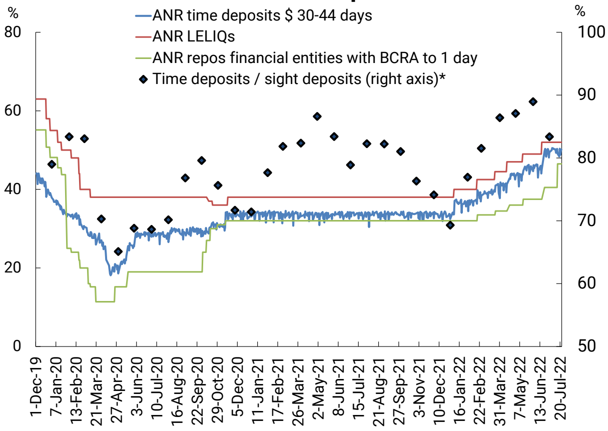
In line with what was observed in recent months, deposits denominated in UVA —which offer positive returns in real terms to depositors— continued to go up at a fast pace and they were mainly

5 For further detail, see the Box on "Credit Line for Productive Investment (LFIP)" of IEF I-22.
6 For further detail, see the Survey on Credit Conditions (ECC) corresponding to the second quarter of 2022.
7 Over the month, there was an increase in the stock of private sector deposits in real terms received by the Non-Banking Financial Institutions (EFNBs), while the stock remained unchanged in the domestic private financial institutions and contracted in the remaining institutions.

arranged by natural persons.[8] In particular, UVA deposits with an early cancellation option rose 20.3% in real terms against April, while traditional deposits grew 5.8% in real terms (see Chart 4). Due to this evolution, the stock of UVA-denominated time deposits continued to gain share in private sector time deposits and accounted for 7.1% of the total (+1.3 p.p. y.o.y.).

So far this year, the BCRA has raised the monetary policy instruments' interest rates, as well as the minimum interest rates on time deposits (see Chart 5). In this context, since late 2021, the nominal interest rates on time deposits have experienced gradual increases, and this contributed to an 8.4% rise in real terms of total private sector time deposits in pesos during the first five months of the year.

Chart 5 | Interest rates traded in pesos



*Balance sheet stock in pesos (private sector). Last value is estimated . Source: BCRA

For the purpose of providing positive returns in real terms on investments in domestic currency, strengthening the public debt market in pesos and promoting the use of Treasury instruments as monetary policy tools, the BCRA decided by mid-July to use an interest rate corridor made up by the short-term interest rates of Treasury Bills, the monetary policy rate represented by the rate of the 28-day LELIQ and the overnight repo rate for the design of its monetary and financial policy.[9]

Regarding the items in foreign currency, the stock of private sector deposits in this denomination increased 1.1% in currency of origin in May. As a result, the total stock of private sector deposits (in both domestic and foreign currency) accumulated a drop of 0.5% against April (+4.6% in nominal terms).

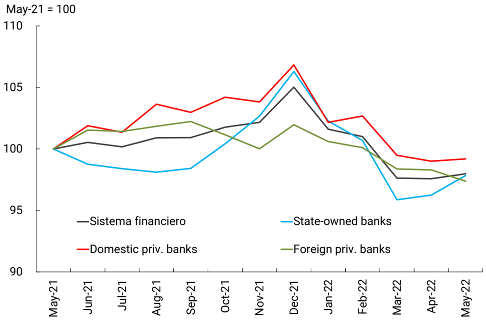
In year-on-year terms, private sector deposits in domestic currency grew 3.1% in real terms (+65.6% in nominal terms), mainly driven by time deposits. In turn, public sector deposits in pesos recorded a drop of 9.3% y.o.y. in real terms (+45.6% y.o.y. in nominal terms). Consequently, the stock of total deposits in domestic currency in real terms (considering both sectors) stood at a level similar to the one recorded in May 2021 (+0.6% y.o.y. in real terms or +61.6% y.o.y. in nominal terms). Thus, when considering total deposits (currencies and sectors), the stock went down 3.8% y.o.y. in real terms (+54.5% y.o.y. in nominal terms).

8 For further detail, see the Box on the "Recent evolution of private sector time deposits denominated in UVA" of IEF I-22.
9 See Press Release of 07/15/22. This policy was accompanied by a new system implemented by the BCRA to reduce the volatility of Treasury instruments (see the Section on Liquidity and Solvency).

II. Aggregate Balance Sheet Evolution and Composition

The total stock of assets of the ensemble of financial institutions grew slightly in May (+0.4% in real terms and +5.5% in nominal terms; see Chart 6), with a dissimilar evolution across the various groups of financial institutions. In a year-on-year comparison, the financial system's assets dropped 2% in real terms (+57.3% y.o.y. in nominal terms).

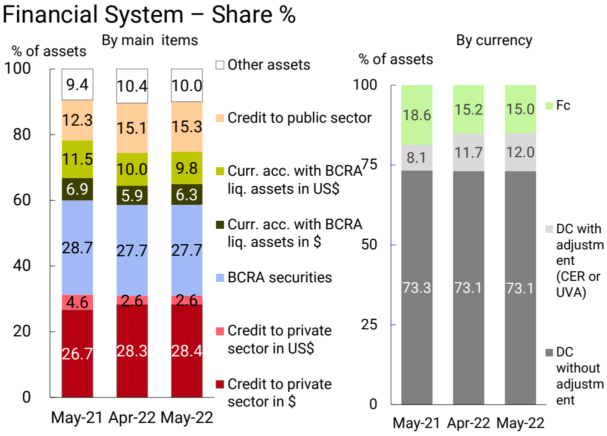
Chart 6 | Financial system's total assets
In real terms



Source: BCRA

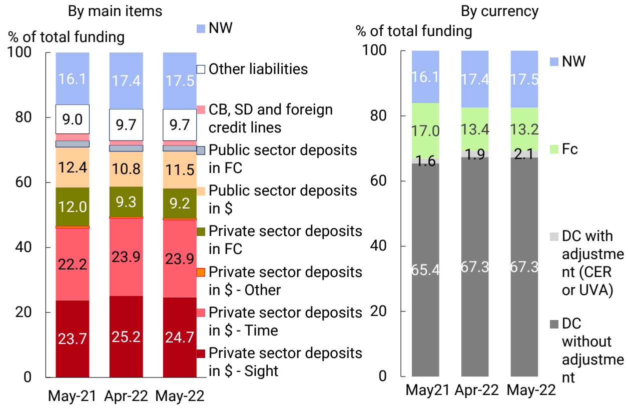
Regarding the composition of the aggregate financial institutions' total assets, there was a slight increase in the share of the stock of liquid assets in pesos, of lending to the public sector and, to a lesser extent, of loans to the private sector (see Chart 7) in May. Considering the assets by currency, there was a slight increase in the share of the items arranged in pesos adjusted by CER and/or denominated in UVA in total assets, accompanied by a decrease in the share of assets in foreign currency over the period.

Chart 7 | Composition of assets
Financial System – Share %



DC: Domestic currency. FC: Foreign currency. Source: BCRA

Chart 8 | Composition of total funding
Financial System – Share %



DC: Domestic currency. FC: Foreign currency. Source: BCRA

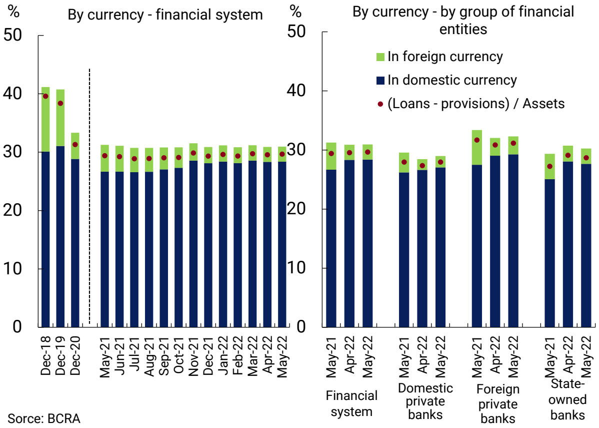
With reference to the components of the aggregate financial system's total funding, the stock of public sector deposits in domestic currency gained relative share in total funding, accompanied by a decrease in the share of the private sector sight accounts (see Chart 8). The remaining items that make up total funding did not post significant changes over the period. A breakdown of total funding by currency shows that the share of the items in pesos adjusted by CER or denominated in UVA went up over the month, while items denominated in foreign currency lost share over the period.

Within the current regulatory framework, the exposure of the aggregate financial system's balance sheet to items in foreign currency dropped in May. The differential between assets and liabilities in foreign currency of the ensemble of financial institutions[10] stood at 10.8% of the regulatory capital, down 1 p.p. against April (+3.5 p.p. y.o.y.). In turn, it is estimated that the differential of the items adjusted by CER (and/or denominated in UVA) did not exhibit significant changes over the period, standing close to 65% of the regulatory capital (+0.1 p.p. m.o.m and +19.4 p.p. y.o.y.).

III. Portfolio Quality

In May, the financial system's gross exposure to the private sector (considering both domestic and foreign currency) accounted for 31% of total assets,[11] in line with the figure recorded in April (+0.1 p.p.) and in May 2021 (-0.3 p.p. y.o.y.). Taking into consideration only the financing in pesos, the ratio stood at 28.4% over the period (remaining unchanged in month-on-month terms and +1.7 p.p. y.o.y.) (see Chart 9). The share of loans to the private sector in foreign currency in total assets continued to stand at around 2.6% (-2 p.p. y.o.y.). In turn, the financial system's gross exposure to the public sector reached 15.3% of assets in May, and posted no significant changes against April (+0.1 p.p.) and +3 p.p. y.o.y.

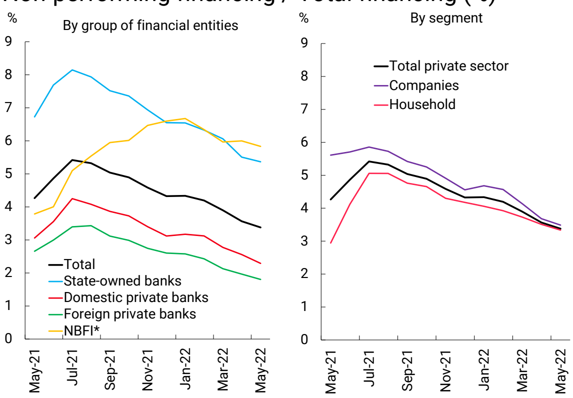
Chart 9 | Stock of loans to the private sector/Assets



Sorce: BCRA

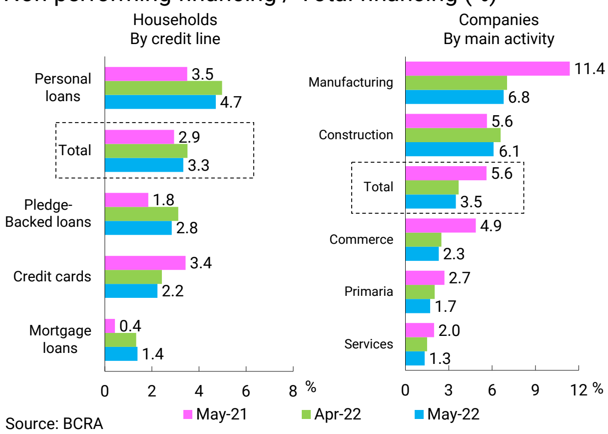
In May, the non-performing ratio of loans to the private sector shrank 0.2 p.p. to 3.4% (-0.9 p.p. y.o.y.) for the ensemble of financial institutions (see Chart 10).[12] The drop in the non-performance

Chart 10 | Non-performing loans to the private sector
Non-performing financing / Total financing (%)



*NBFI: Non-Banking Financial Institutions. Source: BCRA

Chart 11 | Non-performing loans to the private sector
Non-performing financing / Total financing (%)



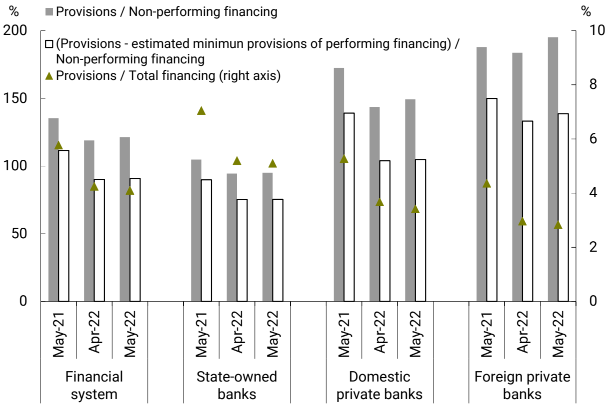
Source: BCRA

10 Including purchase and sale forward transactions in foreign currency, classified as off-balance.
11 29.7% if the accounting stock of provisions is netted.
12 As it has happened in recent months, part of the drop of this ratio is associated with some migration of debt in category 5 (bad loans) to off-balance items. It is worth pointing out that these movements do not impact on the balance sheet or the income statement of the financial system since they are fully provisioned assets.

ratio was widespread across all groups of institutions in both segments: loans to companies and loans to households.

In May, the non-performing ratio of loans to households accounted for 3.3% of the total stock of loans intended for this segment (see Chart 11), down 0.2 p.p. against the level of April (+0.4 p.p. y.o.y.). The monthly evolution was led by pledge-backed loans and personal loans, which more than offset the slight increase in the ratio of mortgage loans. In turn, the non-performing ratio of loans to companies accounted for 3.5% of the financing to this segment over the period, down 0.2 p.p. against the level of April (-2.1 p.p. y.o.y.). Even though the drop was widespread across the various activities, the monthly reduction was led by companies mainly involved in the construction business and in primary activities.[13]

Chart 12 | Loans to the private sector and provisions
By group of financial institutions



Source: BCRA

In May, the aggregate financial system's total provisions accounted for 4.1% of total loans to the private sector (slightly lower than the figure recorded in April and down 1.7 p.p. against the value recorded one year ago) and for 121.3% of the non-performing portfolio (+2.4 p.p. m.o.m. and -14 p.p. y.o.y.) (see Chart 12). Over the period, the stock of regulatory provisions attributable to the non-performing portfolio categories 1 and 2 (according to the criteria set by the rules on regulatory minimum provisions for loan loss exposure) accounted for 90.8% of the non-performing portfolio at systemic level.

IV. Liquidity and Solvency

From relatively high levels, the financial system's liquidity ratios contracted slightly in May. The financial system's broad liquidity[14] accounted for 67.6% of total deposits over the month, down 0.4 p.p. against April. A breakdown by currency shows that the broad liquidity ratio stood at 63.8% for the items in domestic currency and 88.6% for the items in foreign currency (-0.4 p.p. and -0.3 p.p. over the month, respectively, see Chart 13). In terms of the components of liquid assets in pesos, between ends of month, there was a decrease in the share of National Treasury bonds admitted for compliance with the minimum cash requirement, while the relative share of cash and of current accounts held by the institutions at the BCRA has increased.[15] In a year-on-year

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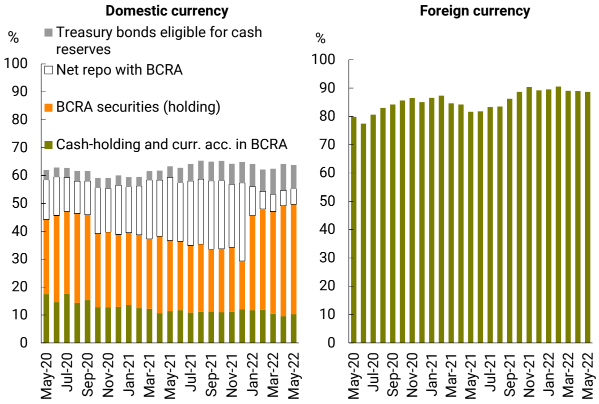
13 For an additional and supplementary approach on credit risk in the various productive sectors, see Chart 10 of IEF I-22.
14 It considers liquid assets, assets admitted for compliance with minimum cash requirements, and BCRA instruments, in domestic currency and in foreign currency, all of them in terms of total deposits.
15 In May, the BCRA established that the minimum cash requirement for deposits in pesos in accounts of Payment Service Providers Offering Payment Accounts (PSPOCPs) where funds from their clients are deposited will be determined on the basis of the average daily stocks recorded at closing, every day during every calendar month (see Communication A "7515"). In turn, by late June 2022, the BCRA promoted a simplification of the Minimum Cash Regime in pesos. In particular, it included a reduction in the number of allowances, keeping those in favor

Chart 13 | Financial system liquidity
In % of deposits



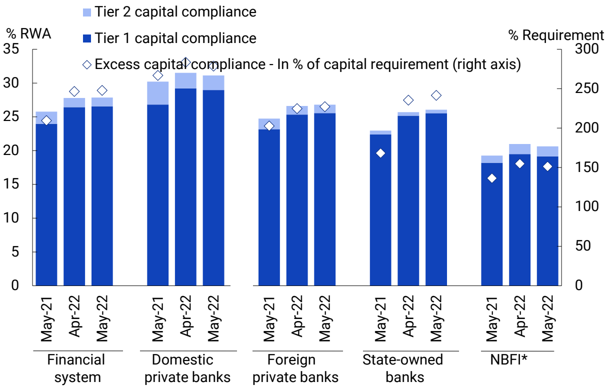
Source: BCRA

comparison, the financial system's broad liquidity (in domestic and foreign currency) increased 0.8 p.p. of total deposits.

Against the backdrop of volatility in the public debt market observed as from June, the BCRA started to offer financial institutions a "put option" on the National Sovereign Bonds issued as from July 2022 and maturing before December 31, 2023.[16] This measure is seeking to reduce price volatility in Treasury Instruments and to provide the institutions new tools to manage their liquidity, among other objectives.

The sector's solvency ratios did not exhibit significant changes in May, and have continued to stand at high levels. The Regulatory Capital (RC) of the ensemble of financial institutions stood at 27.9% of risk-weighted assets (RWAs), a level similar to the one recorded in April (+2.1 p.p. y.o.y., see Chart 14). Regarding the components of the sector's RC, over 95% continued to be accounted for by Tier 1 Capital, with a greater capacity to absorb potential losses. In turn, the capital position — excess capital compliance relative to the regulatory requirement — totaled 248% of the regulatory requirement over the month at aggregate level, without significant changes against April (+38.2 p.p. y.o.y.). The excess of regulatory capital in terms of the stock of loans to the private sector net of provisions stood at 35.8%[17] at systemic level, quite above the average of the last 10 years (15.7%).[18]

Chart 14 | Compliance with regulatory capital
By group of financial institutions



*NBFI: Non-Banking Financial Institutions. Source: BCRA

So far in 2022, the profitability ratios of the ensemble of financial institutions have stood at positive levels (see Chart 15). In the first five months of the year, the financial system has accrued a total comprehensive income in homogeneous currency of 1.2% annualized (a.) of assets (ROA) and of 7.2%a. of equity (ROE), exceeding the figures recorded in the same period of 2021 though still standing below the values recorded at the beginning of 2020.

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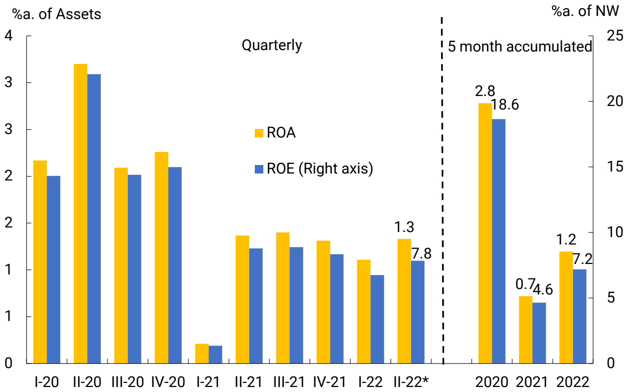
of productive lending to MSMEs and of financing for household consumption purposes (see Communication "A" 7536 and Press Release of 06/30/2022).
16 The price shall be determined according to the maximum rate between the asset closing value of the business day prior to the settlement and the weighted average nominal annual percentage rate (APR) plus a spread and, for exercising this right, the financial institutions holding this option shall pay a premium. For further detail, see Communication A "7546" and Press Release of 07/12/2022.
17 This ratio shows that the sector as a whole has a remarkable capital hedging in the face of any eventual materialization of the credit risk (extreme and highly unlikely).
18 For further detail on the main strengths of the domestic financial system, see IEF I-22.

In the last 12 months up to May, the financial system recorded a ROA of 1.3% and a ROE of 7.9%, down 0.3 p.p. and 2.7 p.p. in a year-on-year comparison, respectively. This reduction was mainly due to the effects of the increase in the cost of funding for deposits and higher monetary losses (because of the impact of inflation on the balance sheets), even though these factors were offset in part by higher income from premiums for repo transactions and for securities,[19] among other.

Chart 15 | Financial system's total comprehensive income in homogeneous currency

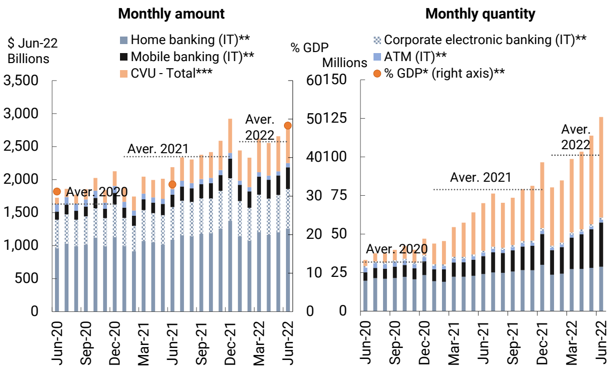


Source: BCRA. *Up to May 2022

V. Payment System

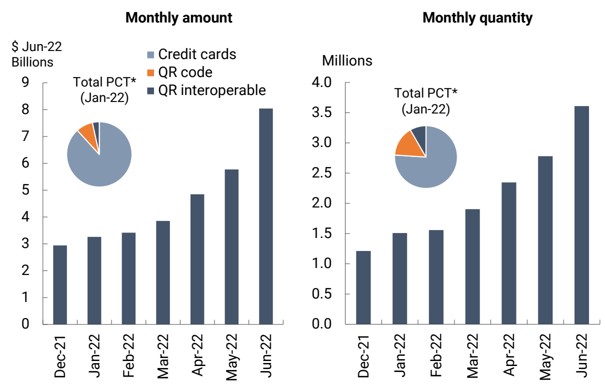
In June, instant transfers were on the rise against May: 10.6% in number and 6.9% in amount in real terms. These transactions have kept a remarkable momentum over the last year: increase of 79.8% y.o.y. in number and of 29.8% y.o.y. in amount in real terms. The year-on-year evolution of instant transfers was driven by a widespread rise in all their components. Instant transfers between accounts opened at financial institutions via Uniform Banking Codes (CBUs) expanded 55.1% y.o.y. in number and +21.4% y.o.y. in amount in real terms, with a remarkable momentum of transactions via Mobile Banking (+147.5% y.o.y. in number and +75.5% y.o.y. in amount in real terms). In turn, transactions involving accounts with Payment Service Providers —PSPs— from/to Uniform Virtual Codes (CVUs) also went up remarkably (+111.3% y.o.y. in number and +76.4% y.o.y. in amount in real terms). In particular, there was an increase in the share of transactions involving CVUs in total instant transfers to 51.7% in number (+7.7 p.p. y.o.y.) and to 20.8% in amount (+5.5 p.p. y.o.y.). It is estimated that instant transfers accounted for an amount equivalent to 48.3% of GDP[20] as of June (+15.3 p.p. against the same month of 2021, see Chart 16).

Chart 16 | Instant transfers



Source: BCRA. *Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted. **IT between accounts open at financial entities (from and to a CBU) ***Transfers where accounts are opened at PSP (from and/or to CVU: CBU to CVU, CVU to CBU and CVU to CVU). Note: high value transfers and batch transfers are not included.

Chart 17 |Payments by transfer (PCTs)



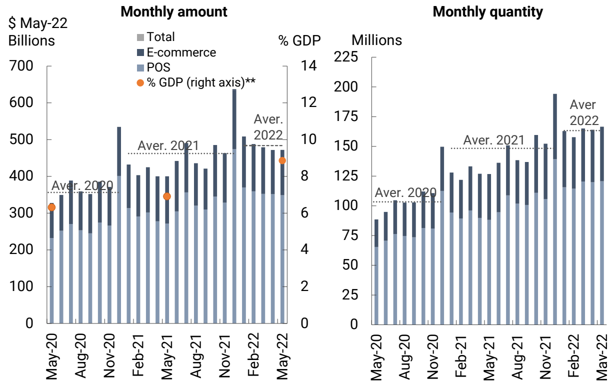
Source: BCRA. * Total payments with transfers (PCT) totales. Last data available Jan-22. Note: total data for June is an estimation from daily averages through June 12nd.

19 Including those posted in Other Comprehensive Income (ORI)
20 When considering annualized amounts of the last three months.

In June, payments by transfer (PCTs) initiated via an interoperable QR code [21] posted a significant rise against May (+29.8% in number and +39.3% in amount in real terms, see Chart 17). As from the beginning of the QR codes' full interoperability scheme (late November 2021), 14.9 million transactions were made under this modality up to June 2022, equivalent to ARS32.22 billion at June 2022 prices.

During May (latest information available), there were no changes against April in terms of the transactions made with debit cards, in both number and amount in real terms. In a year-on-year comparison, transactions with debit cards grew significantly (+31.4% in number and +17.9% in amount in real terms, see Chart 18). This evolution was more remarkable in onsite transactions in line with the greater mobility of the population if compared to the pandemic period.[22] Thus, it is estimated that transactions via debit cards accounted for an amount equivalent to 8.9% of GDP (up 2 p.p. against the same month of 2021).

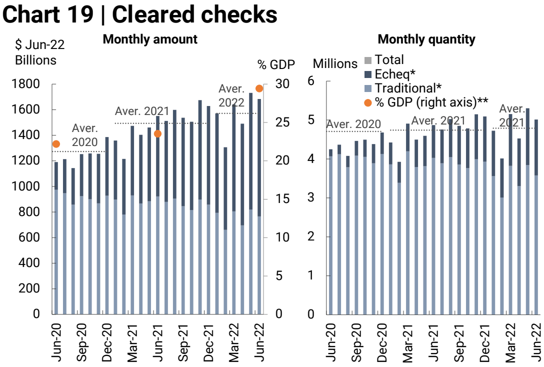
Chart 18 | Debit card transactions



Source: BCRA. *Desegregation available from Nov-19. ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

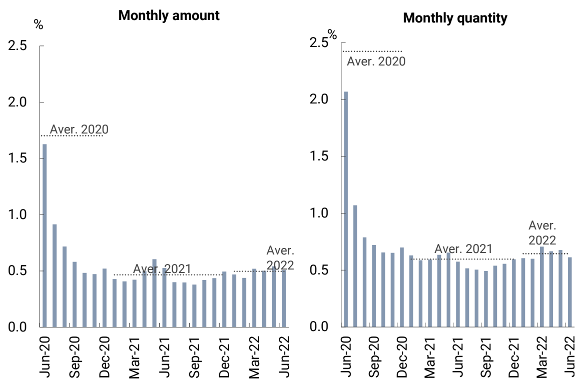
In June, the clearing of checks dropped against May (-5.4% in number and -2.7% in amount in real terms). Against the same period of 2021, these transactions grew 2.9% in number and 8.6% in amount in real terms. Due to a better relative performance of electronic checks (ECHEQs), their share went up in total clearing: in June, they accounted for 28.7% in number (+11.4 p.p. y.o.y.) and for 54.5% in amount in real terms (+14 p.p. y.o.y., see Chart 19). The amount of cleared checks (both physical instruments and electronic checks) is estimated to have been equivalent to 29.4% of GDP (+5.9 p.p. y.o.y.) over the period.

Chart 19 | Cleared checks



Source: BCRA ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

Chart 20 | Bounced checks for insufficient funds



Source: BCRA. Note: Including bouncing of traditional checks and Echeqs.

21 Within the framework of the 3.0 Transfer initiative, the BCRA established the creation of a registry of interoperable digital wallets (for further information, see BCRA Communication "B" 12333).

22 Onsite transactions went up 36.8% y.o.y. in number and 28.5% y.o.y. in amount in real terms, while electronic transactions rose by 19% y.o.y. in number but dropped 4.3% y.o.y. in amount in real terms.

In June, the ratio of bounced checks for insufficient funds in terms of total cleared checks [23] declined against May (to 0.61% in number and 0.51% in amount, see Chart 20), standing within a limited range of values, similar to the average of 2021 and of 2022.

23 It considers both physical instruments and electronic checks (ECHEQs).